

# City of Wilmington Report on Local Government Funding, Subsidies, and Activities Related to Affordable Housing as required by NC Senate Bill 316

September 30, 2019

Affordable Housing Units currently in use in the municipality that are subsidized by local government revenue or tax credits, or that have local government oversight:

Currently, according to North Carolina Housing Finance Agency (NCHFA) and City of Wilmington records there are 1,677 units of housing funded with NCHFA financing including Low Income Housing Tax Credits. Of these the City of Wilmington provided gap financing for 421 units with federal funds from the U.S. Department of Housing and Urban Development CDBG and HOME programs.

The NCHFA Supportive Housing Development Program (SHDP) also provided funding for 292 additional permanent supportive housing units. (The City of Wilmington provided supplemental gap financing to 242 of those 292 SHDP recipient units). Housing provided as a result of NCHFA programs benefits low-to-moderate income renters, including supportive housing for disabled, elderly, formerly incarcerated and homeless persons.

In partnership with area banks, the City provides zero interest second mortgages, forgivable down payment assistance and housing rehabilitation loans to eligible low-to-moderate income households. Currently, the City has 315 home mortgages under local government oversight funded with both general funds (127) and federal funds (188). In addition, there are 93 loans to homeowners for housing rehabilitation using both general and federal funds. Finally, the City has three single-family development loans with non-profits and 10 single-family scattered site rental housing loans under local oversight.

As reported on the Wilmington Housing Authority website, there are 1,416 units of public and subsidized housing under oversight and management of the Authority.

In sum, there are 3810, affordable home units in use within the City of Wilmington that are subsidized by local government revenue or tax credits, or which have local government oversight:

Program or Agency	Number of Affordable Housing Units
NCHFA Tax Credits	1677
NCHFA SHDP	292
City of Wilmington (All programs)	421
Wilmington Housing Authority (website)	1416
Total	3806

Strategies the City of Wilmington employs to limit the cost of privately developed housing include the following activities:

**1) Rezoning for densities necessary to assure the production of moderate income housing.**

The city of Wilmington's comprehensive plan, adopted by City Council in 2016, has numerous policies in support of higher density residential and mixed-use development. These policies are routinely implemented through the up-zoning of existing properties originally zoned and developed at lower densities. In particular, the city's multifamily zoning districts, MF-L, MF-M and MF-H allow for development densities of 9, 17, and 36 units per acre, respectively. A recent examination of rezonings over the past 5 years showed that the city's allowable densities are already in excess of those desired by the development community. In addition, the city's R-3, R-7 and UMX zoning districts are available to increase density through redevelopment of properties already zoning for small lot development. In the past 5 years, the city has approved over 6,000 multifamily housing units, the majority of which are not considered "luxury" housing. Another 2,000 multifamily units are currently in the pipeline for review, approval, and construction.

**2) Facilitating the rehabilitation or expansion of infrastructure that will encourage the construction of moderate income housing.**

While the city does not have ownership or authority over centralized water and sewer or county schools, it does have a capital improvement program, adopted as part of the annual city budget, that identifies and ranks expenditures for streets, sidewalks, parks, fire and police stations, etc. The city employs a series of ranking criteria to assist in identifying where such improvements should receive priority. Several of the criterion include support for neighborhood revitalization, economic development and mobility options. The city has found that investments in street improvements, ped-bike facilities, and park facilities (in particular) can have a positive impact on investments in new moderate income housing. In addition, the city's long-standing historic preservation program has been a positive force in creating revitalized moderate income housing on the fringes of the expanding historic areas of the community.

**3) Encouraging the rehabilitation of existing uninhabitable housing stock into moderate income housing.**

The City of Wilmington offers the Rental Rehabilitation Incentive Loan Program funded with federal HOME funds and revolving loan revenues. This loan program provides an incentive to affordable housing developers to acquire and rehabilitate existing uninhabitable housing stock for rental housing for low-to-moderate income households. The program provides up to \$125,000 at zero percent interest in return for a twenty-year affordability period. An affordability period requires the property remain affordable for a specific term and imposes penalties for failure to comply. In addition, the City also provides homebuyer assistance in the form of second mortgage financing in partnership with local banks for the acquisition of uninhabitable housing for rehabilitation and use as single-family residential. As with other loans, the terms allow for zero percent mortgage with a twenty-year affordability period; and the loan program is funded with both General Funds and federal CDBG funds.

**4) Considering general fund subsidies to waive construction-related fees that are otherwise generally imposed by the city.**

The city of Wilmington does not have building inspections (and thus building inspection fees); water and sewer services, and related connection fees, are administered by the Cape Fear Public Utility Authority. Plan review fees for developments within the 1945 corporate limits, where much of the city's low to moderate income housing is located, are significantly reduced (\$100 regardless of the size of the development or the # of residential units). WHMU, a new zoning option being considered in support of Workforce Housing in Mixed Use developments, would waive all city development fees for developments that voluntarily include work force housing.

**5) Creating or allowing for, and reducing regulations related to, accessory dwelling units in residential zones.**

Accessory dwelling units (ADUs) have been allowed, with some requirements, on residential lots since the 1980's. The City is currently in the process of a comprehensive update and rewrite of its land development code, and is proposing to reduce certain regulations (additional lot size, height restrictions, additional parking to name a few) to further promote graceful density and to incentivize affordable housing.

**6) Allowing for housing in commercial and mixed-use zones.**

City of Wilmington land use regulations allow housing as part of a commercial district mixed use (CDMU) in the O&I, Office and Institutional; CB, Community Business; and RB, Regional Business zoning districts. Housing is also allowed in the CBD, Central Business District; MX, Mixed Use zoning district; the UMX, Urban Mixed Use zoning district, the RFMU, Riverfront Mixed Use zoning district. The majority of the city's larger scale multi-family projects over the past decade have been CDMU developments.

**7) Encouraging higher density or moderate income residential development near major transit investment corridors.**

The location of Wave Transit bus routes is a primary criterion in the evaluation of new multifamily projects for approval in the city of Wilmington. Case summaries prepared by staff for conditional district rezonings routinely include statements addressing the presence or lack of bus routes and bus stops proximate to proposed new developments. Projects that are served by public transit are much more likely to receive a recommendation of approval than those that are not. One of the "*10 Ways to Build a Better Wilmington*" as derived from the 2016 Create Wilmington Comprehensive Plan is to "*Build so that transit can improve.*"

**8) Eliminating or reducing parking requirements for residential development where a resident is less likely to rely on the resident's own vehicle, such as residential development near major transit investment corridors or senior living facilities.**

Under the current code, the city's development standards for parking can be reduced for senior citizen housing developments. In addition, a significant change proposed within the ongoing rewrite and update of the city's land development code calls for "rightsizing" the city's parking standards. In most instances, this will result in the removal of minimum parking standards altogether, allowing for reductions in parking requirements for developments serving senior citizens and low to moderate income populations.

**9) Allowing for single-room occupancy developments.**

Under the current code, group home residential developments may be employed to accommodate single-room occupancy needs in the City of Wilmington. In addition, “quad” multi-family residential developments offer rentals by the individual room, with shared common spaces. At the present time, however, such quad developments typically cater to college students. There is nothing that would prevent these developments from serving individuals of any age or circumstance.

**10) Preserving existing moderate income housing.**

In addition to the Rental Rehabilitation Incentive Loan Program and Homebuyer Assistance Program described above (#3), the City provides General Funds and federal HOME funds for low interest and forgivable loans to homeowners seeking to rehabilitate their existing residence. This allows low-to-moderate income homeowners to address deferred maintenance and make repairs to preserve the existing affordable housing stock within the City. Moreover, rehabilitation of existing affordable housing benefits older homeowners and allows them to age-in-place, which is more economical for families and society as a whole and proven to benefit the quality of life for senior citizens.

In addition, the City’s historic preservation program advocates strongly for the use of historic preservation tax credits to help reduce the cost burden of historic property renovations. Over the years, the City of Wilmington has been a leader statewide in the facilitation of historic tax credit projects.

**11) Considering utilization of State or federal funds or tax incentives to promote the construction of moderate income housing.**

The City of Wilmington provides gap financing to affordable housing development projects utilizing State or federal funds or tax incentives for the production of low and moderate income housing. City support includes Low Income Housing Tax Credit (LIHTC) and Supportive Housing Development Program (SHDP) funded projects. A list of projects, including the number of units, is included as an attachment to this report.

**12) Considering utilization of programs offered by the Housing Finance Agency within that agency’s funding capacity.**

The City of Wilmington partners with and provides funding to supplement NCHFA funding for non-profit and other affordable housing developers utilizing programs offered by the North Carolina Housing Finance Agency. Programs include the LIHTC, SHDP, Urgent Repair Program (URP), Community Partners Loan Pool and NC Advantage Mortgage, and the Single-Family Rehab Program.